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NOTES AND ABSTRACTS.

Economics in Russia.—The economic writers who have the greatest influence on their readers, and are in the foreground of journalism and economic science, may be divided into three schools, representing three different economic theories: (1) the school of the followers of Marx; (2) the national school, the so-called *Narodnichestvo*; (3) the individualist school. The continual discussions and polemics for the last eight or nine years have had for their pivot the economic teaching of Marx, as embodied in his three volumes *Das Kapital*. The Russian Marxists have done much in explaining and popularizing the theory of Marx concerning surplus value and the economical basis of history, and have done more than either of the other two for the organization of labor and for the so-called "class war." Besides the workmen, the Marxian theory is taken up eagerly even by some of the "capitalist classes," who justify their eagerness "to detach the workers from the means of production" by the historic necessity of industrial development in Russia, and claim to be the real creators of progress through the greater increase of capitalistic industry. According to M. Peter Struve, Russia is moving on the lines which were traced out by Marx; that is, that the great industry, on capitalistic basis, is supplanting the small industry, and that the divorce of the immediate producers from the means of production is growing apace; and this growth of capitalism is a happy omen for Russian progress and the only way of her salvation. But, as the chief industry in Russia is agriculture, and the only means of production which is still owned by the laboring population is the land, it follows that, according to Struve, there is no other way for Russian salvation than in the expropriation of the peasants from their land. This question, whether the economic policy of Russia shall be directed toward the annihilation of the small peasant proprietorship in order to encourage the growth of capitalism, or whether she shall, on the contrary, seek to maintain and develop peasant proprietorship, especially in its communal form, is the problem which forms the crucial point which separates both schools of socialism in Russia. M. Struve and his followers think that Russia *has* become already a capitalistic state on the model of the nations of western Europe.

This the economists of the *Russian nationalist school*, the so-called *Narodniki*, do not admit. According to them there is no necessity for Russia to follow in the steps of European capitalistic society, and to wait for the golden age when the capitalistic integument will burst asunder, as there is in Russia already the elementary form of collectivism in the village commune. In accepting Marx' theory of surplus value, and in making labor the chief, and even the only, basis for the distribution of wealth, the *Narodniki*, however, reject his theory of the economical, materialistic basis of society. According to them, man is everything and matter nothing. They believe that society can shape its destinies, arrange the modes of production and distribution of wealth according to its wishes, quite independently of the technical and commercial evolution. M. Mikhailovsky has introduced into economics his sociological standpoint, which makes man the chief factor of progress. According to him the living individuality, with all its thoughts and feelings, becomes an independent historical factor. This individuality, and not some mystic power, gives aims to history, and directs toward them the events through all the hindrances which arise from the unconscious natural forces and historic conditions.

M. Mikhailovsky does not deny that historic conditions play the greater part in economic evolution, but he does not admit their insuperability. The individual is quite independent, and the greater his intellectuality, the more powerful does he become in shaping the destinies of his own life and the life of his country. Russia, therefore, which is yet almost an economic *tabula rasa*, can easily start in any direction she likes.

Of the same opinion is M. Uzhakov, a very well-known publicist. M. Danielson says: "We have a historic heritage in the commune which, under the pressure of capitalism and the accompanying forms of production, cannot secure to its members

means of existence. Therefore, under existing circumstances, it is bound to perish. But the communal form of land-owning is a most important basis on which to build the future social industry. What we have to do is to graft on the commune scientific agriculture and great industry, and to transform it so that it may become a fit instrument for the organization of large industry, and for giving her, instead of a capitalistic, a social form. Capitalism destroys patriarchal production, which was based on production for the use of the producer, but in destroying it does not make it sufficiently social to satisfy the needs of the whole community."

The principal idea of M. Vorontzov concerning the evolution of Russian society as a result of economic forms is that the bourgeoisie is destined to play a rôle only of second rank; the factory hands have no chance for a considerable increase, and therefore the only possible social stratum of our future, as in our past, will be the peasantry.

The Narodniki, therefore, recommend the fostering of cottage industry, communal agriculture, and coöperative workshops; politically they are the greatest enemies of bureaucracy and officialdom.

Thus both these schools of collectivists, the Marxians and Narodniki, may be said to represent two camps, one of which makes villagedom—the peasantry—the only savior, economic and social, and the other thinks the factory, the town, the thing which has to come, which must come, and which one has to strive for, if one wishes for the coming of the future collectivist society.

Generally speaking, there is no individualistic economic school in Russia at all. The difference is only in the degree of collectivism admissible in society and concerning the economic policy which Russia should aim at—whether it should be "great commerce," "great landlordism," small industry, or peasant proprietorship, coöperative or commercial joint-stock banks, etc.

M. Slonimsky, an out-and-out anti-Marxian, criticises the theory of surplus value. For a theory of labor as a value standard there ought to be first an explanation of the way to measure and to define labor itself; it is impossible to translate art work into the language of simple work, because you cannot mix quality with quantity. As a refutation of the theory of Marx, which ascribes the whole value of the commodities to human labor, Slonimsky pointedly brings out the following contradiction: "Capital," says he, "looks for the surplus value of labor, and at the same time does its best to supersede it by machinery; it lives and grows only by working through living human labor, and at the same time tries to replace it by machinery; it exploits the workers, yet can do without any exploitation; it draws its net income from the unpaid surplus value, yet systematically diminishes the number of men with surplus labor and surplus value."—S. RAPOPORT, "Economics in Russia," in *Economic Review*, October, 1899.

The Policy of the Tin-Plate Combination.—1. *Relation to the tin-plate plants of the combination.*—At the present time a number of the plants have been closed down. Among these are some of the largest and best-equipped mills in the country. The company now owns every tin-plate plant in the United States making a product for the general trade. Just how long these establishments are to remain closed it is impossible to say, but undoubtedly the company is trying to find out to just what extent it is necessary to operate the different plants to supply the demand. If it is discovered that all, or nearly all, are necessary, two lines of policy are open to the directors: first, to operate all the mills owned by the company; second, to close the more poorly equipped and badly situated mills and to increase the producing power of the better plants.

2. *Dividends.*—It is continually asserted that the American Tin-Plate Co. will be able to pay dividends from the start, not only on the preferred stock, but on the common stock as well. This dividend, it is said, will be declared on April 1 to at least 1½ per cent. The company has been in existence only since December, 1898, and although large orders have undoubtedly been given to the company, the prices of tin plate have not advanced sufficiently to pay the increased cost of steel and tin in production. There is, of course, the temptation constantly before such a concern to pay dividends out of capital stock in order to push up the quotation of common stock. But the whole attitude of the company seems to be that of a legitimate manufacturing enterprise, rather than a speculative movement. The company is not likely to force the payment of dividends before it earns them.

3. In relation to the trade a radical change has been instituted. The company has laid down the principle that it will not have any dealings with brokers in tin plate. The idea upon which this policy is based is that with but one producing company of tin plate there is no need of a broker. The company makes no quotation except on request, and in car-load lots. The territory is divided into two districts: the eastern with headquarters at New York, and the western with headquarters at Chicago. Two men have been appointed as general agents over these divisions. The sales part of the business will be independent of the other parts, the management of the mills having no jurisdiction over the general agents. Business involving less than a car load is turned over to the jobber nearest to the customer.

4. *Machinery firms.*—Arrangements have been made with nearly every firm in the land engaged in manufacturing machinery for tin plate to sell their entire product to the American Tin-Plate Co. The new company expects to forestall promoters who expect to build plants and force the combination to buy them at a fancy price by arranging with the equipment firms to take their entire output. It is said that an agreement has been made between the two parties for five years, ending January 1, 1904. Just what and how much this product is to be is determined by the tin-plate company, and the managing committee distributes the machinery secured under this agreement among the different plants as it sees fit. The prices paid for machinery are lower than if equipments were bought in the open market. There will also be an attempt made to get the machinery firms to specialize, so that each will be a producer of a certain kind of machinery. It will thus be all but impossible to start a new mill to produce such machinery. If, however, there is any special demand because of the attitude of the company, it may be assumed that machine companies in other lines will enter the field as makers of tin-plate equipment. The whole arrangement, nevertheless, is indicative of the shrewd, and not-to-be-detested, attitude of this new combination.

5. *Various economies.*—The directors and promoters have absolutely refused to give enormous salaries. The compensation will be fair, but not high. The number of officers will also be cut down to the smallest number possible. The company in quoting prices f.o.b. from New York and Chicago, and shipping to the purchaser from the nearest mill, will be in a position to save some very considerable amounts in the course of a year on freight rates. Whether it will secure any concessions from the railroads in freight rates is not known. Until the rate between Pittsburgh and Chicago is very considerably reduced, the company will have to face the English competition on the Pacific coast. The company is too new to show how much of a saving may be effected by the new management. Probably greater uniformity and closer attention to cutting and waste will produce some economies.

6. The question of wages is one of the difficult things with which the new company has to deal. The tendency is in the direction of a considerable increase in wages in all the steel industries. The advance in the selling price of tin plate has stimulated the officers of the Amalgamated Association to ask for a higher scale of wages. "The company is, therefore, encountering high prices in raw material (steel and pig tin) and in wages." It is questionable whether the economies spoken of above will any more than make up for these extra expenses. The economic strength of the company will enable it to meet these difficulties without any great trouble.

The tin-plate combination is an arbitrary, but natural, attempt to raise the price of that product.

The industry stands in two dangers: first, of possibly placing prices so high that it will be impossible to maintain them, leading to a virtual revolt on the part of consumers; and, second, the political movement culminating in the possible withdrawal of the tariff. If the consumers of tin become dissatisfied with the attitude of the company in the matter of prices, the political movement may be reinforced by their opposition to the combination.—FRANK L. MCVEY, "The Tin-Plate Combination," in *Yale Review*, August, 1899.

Productive Coöperation in France.—I. *The origin of productive coöperation in France.*—The observation has become almost a commonplace that England is primarily the land of consumers' coöperation, Germany of credit coöperation, and France of productive coöperation. The saying that France is the birthplace of productive coöperation is founded on the facts that that form of coöperation is the only

one which has developed spontaneously in France; that it inspired with a new gospel such men as John Stuart Mill and the Christian socialists in England; and that it has resulted in some of the most justly celebrated enterprises in the world, such as the *Famillière de Guise*, the *Maison Leclaire*, and, in certain respects, even the *Magasin du Bon Marché*. Coöperative production in France, however, has had a checkered history, owing to political setbacks. The principle of the first society, founded in 1833, was to forego any division of profits among members, and devote profits in a lump sum to the creation of an inalienable and perpetual social capital. But the revolution of 1848 really marks the rise of the coöperative movement in France. Over two hundred societies were formed almost simultaneously with the movement for the political sovereignty of the people. Napoleon's *coup d'état* (in 1851) and the opening of the imperial régime, with the suppression of the right of association and of reunion, influenced decisively the failure of the majority of these societies. A second time the movement revived in 1863-6, most of the organizations being based upon institutions of credit which should make the necessary advances of capital. This second effort was cut short by the war of 1870, the insurrection of the commune, and the dispersion of the socialists which followed. Once more, during the last fifteen years, the work of reorganization has been taken up. Within the last two years sixty societies have been founded, and 1900 will probably see three hundred in the field.

II. *The specific types of French productive coöperation* are: the self-supporting, the corporate, the semi-patronal, the "integral," and the agricultural. (1) *In the self-supporting workshops* all members of the association must be at the same time shareholders and workmen, *i. e.*, all the capital must (theoretically) be furnished by laborers employed by the association. This rule has not been strictly adhered to, some of the societies becoming close corporations of wealthy employers, with associate candidates for membership. (2) *The corporate associations*, organized to give employment to all workmen in a given trade, and gradually to supplant all employers in that trade (virtually the program of Louis Blanc), have come to serve rather, with a few conspicuous exceptions (*Ouvriers Fabricants de Voitures*, *La Verrerie Ouvrière*, etc.), as workshops for the unemployed. (3) *The semi-patronal associations* owe their initiative to some philanthropic employer, who, beginning with the introduction into his factory of profit-sharing, has gradually transformed this profit-sharing into a copartnership, and has finally himself retired, transferring the ownership of his factory to his employés, under such regulations as he has himself drawn up. The manager or managers are elected generally for life, with a share of the profits. Of this type are the three celebrated enterprises mentioned first, the latter, the *Magasin du Bon Marché*, transacting business to the amount of 180,000,000 francs annually. (4) The Association *Intégrale* (so called), of recent date, is characterized by its method of employing outside capital, not only in the form of loans, but in the form of *capital associé* (by *actions*, and not by *obligations*). This type of association is denounced as traitorous by all coöperators loyal to the old ideal of self-supporting and self-governing coöperation.

III. *The relations of productive associations with distributive associations* in France are very much out of joint. There is a tendency at present, however, to adjust these relations on the plan often successfully practiced in England, whereby the distributive societies receive a share in the profits and in turn furnish a market for the productive societies.

IV. *The privileges accorded associations of producers* are chiefly of four kinds: (1) *state aid* of from 140,000 to 150,000 francs annually to be distributed in small sums as subsidies; (2) *privileges in undertaking public works*. These are (a) preference over individual employers in the award of contracts where the terms offered are equal; (b) the right to dispense with the formalities of a public adjudication, and to contract privately with the state for awards of small importance; (c) exemption from the necessity of furnishing security according to the usual practice, when, however, the contract involves less than 50,000 francs; and (d) the special right to be paid as the work is done, every fifteen days. This last provision, the most precious of all for associations of producers, is scarcely ever punctually observed. Other privileges are: (3) the Rampal Foundation of 1,400,000 francs for loans by the city of Paris to associations of workmen; (4) the Coöperative Associations' Bank, established in 1893, and loaning 2,000,000 francs annually to some fifty associations.

V. *Achieved results and prospective future*.—Though associations of producers are

still too few to have exerted any great influence upon the general condition of the labor class, they are not chiefly to be judged by a mere money standard. The workmen themselves do not judge them thus. What they have sought above all else is independence and security; and these boons on the whole they have gained, the latter by permanence of employment and old-age pensions. These associations, as industrial experiments, possess a scientific interest of the highest importance, since they are vigorous and often successful efforts to achieve a working solution of the problem of the division of profits between capitalist and employé by making the two one, and to vindicate the right of self-control on the part of the workman.—CHARLES GIDE, "Productive Coöperation in France," in *Quarterly Journal of Economics*, November, 1899.

The Socialist Ideal.—Socialism is the principle and method of democracy applied to the social and economic sphere. It is the *subordination of the materials of civilization to the common weal*. It is not only a superior method of business, but also, and because of that fact, a superior idea of morality. A moral idea is not any arbitrary notion *about* life, such as may exist in this or that man's consciousness, but a working plan of life which has the capacity actually to organize life as a whole. This test socialism challenges. We need, therefore, in considering socialist programs, to ask what the ideal presuppositions behind them are which give life and force to them.

1. Socialism is nothing if not an ideal. This is not an unscientific opposition to *laissez-faire*. The very existence of an economic *problem* is itself a witness to the fact that growth in man's life is increasingly the result of conscious and deliberate action. If no man can escape the tendencies of his age, he can at least be their intelligent servant, and not their slave.

2. The ideal of socialism would be nothing if it were not a moral ideal; *i. e.*, it must be just to an idea of human life as a whole, or it tends to become partial and ineffective. Individualism and socialism, regarded as *exclusive* principles of social life, are futile and meaningless abstractions. They are limited by and relative to the conception of social welfare as a whole. Socialists have been peculiarly liable to "the fallacy of the abstract ideal." Socialism is more than a mere collection of miscellaneous programs. These are but the body of socialism without the soul; the life-giving, impelling spirit is the democratic idea. And this is necessary, for if ideas without machinery are helpless, machinery without ideas is purposeless.

3. The ethical ideal must be a social ideal; *i. e.*, an ideal of human relationships. Morality not only has no reference, but has no existence, apart from veritable human relationships. And in trying to understand and control these relationships we must not be sidetracked by abstractions. Competition and coöperation are two such delusive abstractions. They are complementary aspects of all association. A coöperation that does not call out individual competition in its service is self-defeating; and a competition that does not develop efficiency in furthering the aids of coöperation is also self-defeating, and has no social value. This, then, is the fundamental postulate of socialism: that society is organic; that its unity consists, not in any aggregation of individual units seeking private ends, but in a common good or purpose, in which all members share, both as givers and receivers. On this formal basis socialism lays its fundamental axiom: that the only logical and consistent basis of social organization is a basis of labor or work. A community is socialistic in so far as it is organized on a basis of labor in such a way that there is no place in it for those who would live on the work of others. There must be a community of duties with rights proportioned on them. Socialism is thus a moral idea in the strict sense, because it is based on the only complete idea of human association. The whole drift of socialism is "so to organize life as to make its responsibilities much more definite and direct, and a good deal less easy to escape."

4. Thus the economic ideal of socialism is a direct deduction from its ethical and social ideal—the idea of a common life. Socialism, as a *movement*, is the attempt to give visibility and actuality to this idea. It is a protest against an unsubstantial idealism or spiritualism. If an economic order cannot be realized except in and through a moral order, a moral order cannot be realized except in and through an economic order. It is thus for the recognition of the social question, as distinguished from partial social questions, that socialism stands. And this social question is the problem of putting an

end to the exploitation of man by man, and of substituting for it the exploitation of nature by man in association with man. The problem is how to raise the estate of man organically, and all together. The junction of the socialistic with the democratic idea gives to the modern solution its point and character. Equality of opportunity, equality of consideration, equality of freedom are the watchwords of democracy and of socialism alike. Socialism, however, contends that democracy remains an illusion so long as a large section of society is dependent on, or controlled by, another. Servitude is felt in proportion as the workman has no interest in his work except his wages; for this means that he is used directly for another's ends, and only incidentally for his own. Socialism arises from the perception that our economic arrangements are in contradiction with our social and political theories; and it aims to adjust the discrepancy by making the members of the community less and less dependent for their means of life upon the private ownership of the implements of industry. The movements for the "minimum wage," "coöperative stores," "collective ownership," "state control," etc., are all embodiments, necessarily more or less crude at first, of this one ideal of democracy in industry.

5. Not a little of the theory and practice of socialists, then, whether of the chair or of the street, requires a certain readjustment of view. No one social program is a panacea. Far from it; the multitude of half-considered programs and mere clamors for reform make the confusion worse confounded. What is wanted is a positive analysis of our industrial organization as it actually works. For all of us—either as consumer (fundamentally), or as employer, or as workman—are ignorantly affecting the social structure at every moment. Socialism must welcome all research and all earnest democratic endeavors within its ranks; for, based on the above ideas, it is just the one creed that cannot afford to be sectarian or exclusive.—SIDNEY BALL, "The Socialist Ideal," in *Economic Review*, October 16, 1899.

Selection of Elements of Social Organism.—Investigation of the successive stages of the social development of a given people reveals the existence of certain fundamental characteristics which persist from stage to stage, and which may be conceived as together constituting the *ethnic character*. A constant struggle, resulting from their nature, goes on among the factors of this ethnic character, and upon the issue of this struggle at a given time depends the nature of the social organism at that time and the probable value of any change it may be proposed to make in that organism; for it may be safely assumed that the evolution of the social organism proceeds in conformity to that of the ethnic character, and that the question as to whether this or that particular development of the social organism will be beneficial or otherwise depends solely upon whether it is such as will harmonize with the ethnic character of its day. Thus the primary struggle among the factors of the ethnic character gives rise to a secondary struggle among the different forms of the social organism, and the result of the primary struggle is all-significant for the result of the secondary struggle. A reform not in harmony with the ethnic character of its time must be, from the standpoint of that character, bad; it will be either utopian or revolutionary; it will either fail utterly to affect the social life of its time in an enduring manner, or else it will affect it in a manner harmful both to the existing social life and to the new social life by which it is hoped to supplant the old. The lines of social heredity may not be broken with impunity. The new must have regard to the character of the old—must be, in great degree, but the vehicle of the old. The institutions of a given time are not fortuitously created; they exist as survivals from a long period of struggle; they exist because they are the most fitting up to their time; they can be replaced only by others which will be still further adapted to the genius of the ethnic character; and this adaptation can come only through further struggle. Progress is not controlled by human will; it is primarily determined by the struggle, *inter se*, of the factors of the ethnic character. A secondary struggle then ensues by which is determined which one of many possible developments of the social organism is best adapted to this ethnic character. Thus survival through selective struggle becomes the law of progress in the social life.—N. MIHAESCO, "The Selection of the Elements of the Social Organism," in *Revue internationale de sociologie*, August-September, 1899.